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7 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT  
8 OF THE STATE OF CALIFORNIA  
9

10 In the Matter of: )  
11 THE COMMISSIONER OF BUSINESS ) CONSENT ORDER  
OVERSIGHT, )  
12 )  
Complainant, )  
13 v. )  
14 JAMES MARTEN LAMONT AND LAMONT )  
FINANCIAL SERVICES )  
15 Respondents. )  
16 )  
17 )

18 This Consent Order is entered between the Department of Business Oversight (Department)  
19 through the Commissioner of Business Oversight (Commissioner), on the one hand, James Marten  
20 Lamont and Lamont Financial Services (collectively, Respondents) on the other hand (hereafter, the  
21 Parties), and is made with respect to the following:

22 RECITALS  
23

24 A. At all relevant times, James Marten Lamont, a California resident, was sole owner and  
25 doing business as Lamont Financial Services with a business address of 250 Bel Marin Keys Blvd,  
26 Suite F3, Novato, CA 94949.  
27  
28

1           B.       At all relevant times, Woodbridge Group of Companies, LLC was a company formed  
2 in California with a business address of 14225 Ventura Boulevard, Suite 100, Sherman Oaks,  
3 California 91423.

4           C.       Beginning as early as July 2012, Woodbridge Group of Companies, LLC and its  
5 affiliates, including but not limited to WMF Management, LLC, Woodbridge Structured Funding,  
6 LLC, Woodbridge Pre-Settlement Funding, LLC, Woodbridge Mortgage Investment Fund 1, LLC,  
7 Woodbridge Mortgage Investment Fund 2, LLC, Woodbridge Mortgage Investment Fund 3, LLC,  
8 Woodbridge Mortgage Investment Fund 3A, LLC, Woodbridge Mortgage Investment Fund 4, LLC,  
9 Woodbridge Commercial Bridge Loan Fund 1, LLC, Woodbridge Commercial Bridge Loan Fund 2,  
10 LLC (collectively, Woodbridge) offered securities in California to investors in the form of lending  
11 agreements, some of which were referred to as “First Position Commercial Mortgage Notes,”  
12 “mezzanine loans,” “construction loans,” and “Co-Lending Opportunities” (collectively, FPCMs).

13           D.       FPCMs investors were solicited to invest anywhere between \$25,000 to well over  
14 \$250,000 to give to Woodbridge to pool with other investor monies. Woodbridge then lent the  
15 pooled monies to third-party borrowers for a short time at a high interest rate to finance the  
16 acquisition and/or development of real property in California, Colorado, and other states. FPCMs  
17 investors had no role in selecting or vetting the purported third-party borrower. FPCMs investors  
18 also had no decision-making role or management in negotiating the terms of the loans with the third-  
19 party borrower, nor did they have any decision-making role in the real estate acquisition or  
20 development.

21           E.       In exchange for lending money to Woodbridge, FPCMs investors were promised that  
22 they would “[e]arn a secured yield as high as 5%” in fixed monthly interest payments, for a term of  
23 nine, twelve, or eighteen months, with options to renew or “reposition” their lending toward a  
24 different real property at the end of the term. FPCMs investors were told that the loans they were  
25 making were secured by a “collateral assignment of note, mortgage, and other loan documents,”  
26 which would be recorded with the real property that was the subject of the loan. FPCMs investors  
27 were told that the recorded documents would give them a “first position” lien interest in the subject  
28 real property, and that this would allow FPCMs investors to be paid back first in the event the

1 borrower defaulted on the loan. Woodbridge assured FPCMs investors that Woodbridge would pay  
2 them the interest payments regardless of whether the borrower defaulted on the loan. FPCMs  
3 investors were also assured they would get back their full principal at the end of the term if requested.

4 F. Woodbridge used inhouse employees called “consultants” and paid external referrers,  
5 insurance salespersons, investment advisors, and financial planners to solicit and sell Woodbridge  
6 securities, including FPCMs, in California.

7 G. Between 2015 and 2017, James Lamont and Lamont Financial Services became agents  
8 of Woodbridge, in which capacity they offered and sold FPCMs issued by Woodbridge to California  
9 investors.

10 H. James Lamont and Lamont Financial Services advised their clients in California to  
11 invest in FPCMs issued by Woodbridge.

12 I. James Lamont and Lamont Financial Services received sales commission from  
13 Woodbridge of at least five percent for each dollar invested, totaling \$31,540.00 in 2015 and \$25,170  
14 in 2016. Further, each time investors reinvested their initial investments – and some investors  
15 “repositioned” or renewed their investment more than once – James Lamont and Lamont Financial  
16 Services received yet another commission. In 2015 and 2016, James Lamont and Lamont Financial  
17 Services’ clients invested collectively over \$1,367,000.00 in Woodbridge FPCMs through the efforts  
18 of James Lamont and Lamont Financial Services.

19 J. Neither James Lamont nor Lamont Financial Services had secured from the  
20 Commissioner, nor any other similar licensing entity, a certificate authorizing them to sell or induce  
21 the sale of securities between 2015 and 2017.

22 K. The Commissioner is of the opinion that the FPCMs issued and offered by  
23 Woodbridge, through James Lamont and Lamont Financial Services are securities subject to  
24 qualification under the Corporate Securities Law of 1968 (Corp. Code, § 25000 et seq.) that have  
25 been offered or sold without first being qualified in violation of Corporations Code section 25110.

26 L. Furthermore, the Commissioner is of the opinion that James Lamont and Lamont  
27 Financial Services effected, induced, or attempted to induce the purchase or sale of securities in the  
28 form of FPCMs in the State of California without first applying for and securing from the

1 Commissioner a certificate authorizing them to act in that capacity, in violation of Corporations Code  
2 section 25210.

3 M. Respondents admit to the jurisdiction of the Commissioner with respect to the subject  
4 matter hereof and agree to the execution of this Consent Order as a resolution of the matter without  
5 the need to initiate litigation.

6 N. The Commissioner finds this Consent Order is appropriate, in the public interest, for  
7 the protection of investors, and consistent with the purposes fairly intended by the policy and  
8 provisions of the Corporate Securities Law of 1968 (CSL).

9 NOW THEREFORE, in consideration of the foregoing, and the terms and conditions set forth  
10 herein, the Parties agree as follows:

11 TERMS AND CONDITIONS

12 1. Purpose. The purpose of this Consent Order is to resolve the foregoing issues in a  
13 manner that avoids the expense of a hearing and possible other court proceedings.

14 2. Desist and Refrain Order. James Marten Lamont and Lamont Financial Services are  
15 hereby ordered to desist and refrain from the further offer or sale of securities, in the State of  
16 California, including but not limited to lending agreements such as FPCMs, unless and until  
17 qualification has been made under said law or unless the security is exempt. James Marten Lamont  
18 and Lamont Financial Services are further hereby ordered to desist and refrain from effecting,  
19 inducing or attempting to induce the purchase or sale of securities as a broker dealer in this state  
20 without first applying for and securing from the Commissioner a certificate authorizing them to act in  
21 that capacity.

22 3. Waiver of Hearing Rights. Respondents have read this Consent Order, are aware of  
23 their rights to a hearing and appeal in this matter if a formal enforcement action had been  
24 commenced to request the relief specified under this Consent Order, and elect to permanently waive  
25 any right to a hearing and appeal, including those rights under the CSL, the California  
26 Administrative Procedures Act (Gov. Code, § 11400 et seq.), and the Code of Civil Procedure with  
27 respect to the issuance of the Desist and Refrain Order specified in Paragraph 2.

28 4. Future Actions by the Commissioner. The Parties acknowledge and agree that nothing

1 contained in this Consent Order shall operate to limit the Commissioner’s ability to assist any other  
2 agency, (county, state or federal) with any prosecution, administrative, civil or criminal, brought by  
3 any such agency against Respondents based upon the subject matter hereof or otherwise. This  
4 Consent Order shall not limit the ability of the Commissioner to bring any administrative or civil  
5 action to enforce compliance with this Consent Order or to seek penalties for its violation. Further,  
6 the Commissioner reserves the right to bring any future action(s) against Respondents or any of the  
7 managers, officers, directors, shareholders or employees of Respondents for all unknown or future  
8 violations of the CSL.

9       5.     Independent Legal Advice. Respondents represent, warrant, and agree that they have  
10 had the opportunity to seek independent advice from legal counsel and/or representative with respect  
11 to the advisability of executing this Consent Order.

12       6.     No Other Representation. Each of the Parties represents, warrants, and agrees that in  
13 executing this Consent Order each has relied solely on the statements set forth herein and the advice  
14 of its own counsel and/or representative. Each of the Parties further represents, warrants, and agrees  
15 that in executing this Consent Order it has placed no reliance on any statement, representation, or  
16 promise of any other party, or any other person or entity not expressly set forth herein, or upon the  
17 failure of any party or any other person or entity to make any statement, representation or disclosure  
18 of anything whatsoever. The Parties have included this clause: (1) to preclude any claim that any  
19 party was in any way fraudulently induced to execute this Consent Order; and (2) to preclude the  
20 introduction of parol evidence to vary, interpret, supplement, or contradict the terms of this Consent  
21 Order.

22       7.     Modifications and Qualified Integration. No amendment, change, or modification to  
23 this Consent Order shall be valid or binding to any extent unless it is in writing and signed by all the  
24 parties affected by it.

25       8.     Full Integration. This Consent Order is the final written expression and the complete  
26 and exclusive statement of all the agreements, conditions, promises, representations, and covenants  
27 between the parties with respect to the subject matter hereof, and supersedes all prior or  
28 contemporaneous agreements, negotiations, representations, understandings, and discussions between

1 and among the parties, their respective representatives, and any other person or entity, with respect to  
2 the subject matter covered hereby.

3 9. No Presumption from Drafting. In that the Parties have had the opportunity to draft,  
4 review and edit the language of this Consent Order, no presumption for or against any party arising  
5 out of drafting all or any part of this Consent Order will be applied in any action relating to,  
6 connected, to, or involving this Consent Order. Accordingly, the Parties waive the benefit of Civil  
7 Code section 1654 and any successor or amended statute, providing that in cases of uncertainty,  
8 language of a contract should be interpreted most strongly against the party who caused the  
9 uncertainty to exist.

10 10. Collateral Estoppel. Respondents agree the facts and violations set forth in paragraphs  
11 A through N, above, in this Consent Order may be taken as true without further proof in any  
12 bankruptcy case or subsequent civil litigation the Commissioner may pursue to enforce the  
13 Department's rights to any payment or money judgment under the terms of this Consent Order,  
14 including but not limited to, any nondischargeability complaint in any bankruptcy proceeding and  
15 that this Consent Order shall have collateral estoppel effect in any bankruptcy case.

16 11. Effect Upon Future Proceedings. If Respondents apply for any license, permit or  
17 qualification under the Commissioner's current or future jurisdiction, or are the subject of any future  
18 action by the Commissioner to enforce this Consent Order, then the subject matter hereof shall be  
19 admitted for the purpose of such application(s) or enforcement proceedings(s).

20 12. Counterparts. This Consent Order may be executed in one or more counterparts, each  
21 of which shall be an original but all of which, together, shall be deemed to constitute a single  
22 document.

23 13. Terms, Headings and Governing Law. All terms used, but not defined herein, shall  
24 have the meaning assigned to them by the CSL. The headings to the paragraphs of this Consent  
25 Order are inserted for convenience only and will not be deemed a part hereof or affect the  
26 construction or interpretation of the provisions hereof. This Consent Order shall be construed and  
27 enforced in accordance with, and governed by, the laws of the State of California.

28 14. Authority for Settlement. Each party warrants and represents that such party is fully

1 entitled and duly authorized to enter and deliver this Consent Order. In particular, and without  
2 limiting the generality of the foregoing, each party warrants and represents that it is fully entitled to  
3 enter the covenants, and undertake the obligations set forth herein.

4 15. Public Record. Respondents acknowledge that this Consent Order is a public record.  
5 Respondents further understand and agree to not make any statement or representation that is  
6 inconsistent with the Consent Order.

7 16. Voluntary Agreement. The Parties each represent and acknowledge that in executing  
8 this Consent Order, each does so completely voluntarily and without any duress or undue influence of  
9 any kind from any source.

10 17. Effective Date: This Consent Order shall become effective when executed by the  
11 Commissioner or her designee and transmitted by electronic mail (email) to Respondents at  
12 jlamont@lamontfinancialservices.com.

13 Dated: 10/30/18

JAN LYNN OWEN  
Commissioner of Business Oversight

16 By: \_\_\_\_\_  
17 MARY ANN SMITH  
18 Deputy Commissioner  
19 Enforcement Division

20 Dated: 10/30/18

21 \_\_\_\_\_  
22 JAMES MARTEN LAMONT  
23 In his individual capacity and as owner of LAMONT  
24 FINANCIAL SERVICES